

## KENTUCKY HORSE RACING COMMISSION

### MINUTES OF THE MEETING

Date: July 16, 2014 at 1:30 PM

Place: Burnhans Rooms 162 and 163, Event and Conference Service Center, University of Louisville, Shelby Campus, Louisville, KY

Members Present: Chairman Robert M. Beck, Jr.; Vice Chairman Tracy Farmer; Commissioner Edward S. "Ned" Bonnie; Commissioner Allan Wade Houston, Sr.; Commissioner Elizabeth S. Lavin; Commissioner Frank Jones, Jr.; Commissioner Alan J. Leavitt; Commissioner J. David Richardson; Commissioner Burr Travis, Jr.; Commissioner John Phillips; and Commissioner Neil Howard

Ex-officio Members Present: Mr. William Dexter, representing the Tourism, Arts and Heritage Cabinet; and Acting Secretary Larry Bond, representing the Public Protection Cabinet

KHRC Staff Participating: John T. Ward, Jr., Executive Director; Marc A. Guilfoil, Director of Racing; Mary Scollay, DVM, Equine Medical Director; Katherine M. Paisley, Deputy General Counsel; Greg Lamb, Supervisor of Pari-Mutuel Wagering; Barbara Borden, Chief State Steward; Richard Williams, Chief Judge; William Farmer, DVM, Chief Racing Veterinarian; and Jamie Eads, Director of Incentives and Development

Others Participating/Present: Mr. Bob Jackson, Ellis Park; Mr. Corey Johnsen, Kentucky Downs

Meeting called to order and roll call performed by Chairman Beck. A quorum was recognized.

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
<b>Tab 1 Approve minutes of June 10, 2014</b>	4 – 5	Chairman Beck presented the minutes of the June 10, 2014 meeting for approval.	Motion to approve minutes by Commissioner Bonnie. Second by Commissioner Howard. Motion carried with no objections or abstentions.

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
<b>Tab 2 Ratify Kentucky Downs' request to install new safety rail</b>	5 – 6	<p>Mr. Guilfoil stated that by letter dated June 25, 2014, Kentucky Downs requested approval to install a new safety rail manufactured by Duralock Fencing Systems. He noted that letters of support of the new safety rail had been received from the Jockeys' Guild (Guild) and the Kentucky Horsemen's Benevolent and Protective Association (KyHBPA).</p> <p>Mr. Johnsen made a presentation on the safety rail.</p> <p>In order for installation of the safety rail to be completed before the 2014 meet, the Executive Director granted approval of the request and ratification of the Executive Director's action is recommended.</p>	Motion to approve the recommendation to ratify the action taken by the Executive Director by Commissioner Richardson. Second by Commissioner Phillips. Motion carried with no objections or abstentions.
<b>Tab 3 Approve Renewing Rapid Response Substance Testing Contract</b>	6 – 22	<p>Dr. Scollay presented the request to renew the Rapid Response Substance Testing contract. The maximum total amount of the contract would be \$250,000 with a proposed two-year term (August 1, 2014 through June 30, 2016) to be consistent with the biennium. Any funds not expended over that term would revert back to the Equine Drug Research Council (EDRC). The renewal contract is substantially identical to the original contract that the Commission approved on July 17, 2013. The EDRC approved executing a two-year renewal contract at its June 17, 2014 meeting.</p> <p>She reported to the Commissioners on the success of the Rapid Response Testing Program last year. During a discussion, Dr. Scollay and Ms. Paisley answered questions from the Commissioners.</p>	Motion to approve by Commissioner Lavin. Second by Commissioner Travis. Motion carried with no objections or abstentions.
<b>Tab 4 Approve thoroughbred racetrack proposals for distribution of the \$1 million dollar transfer following the 2014 legislative session</b>	22 – 24	Commissioner Richardson explained that Senate Bill 26 and House Bill 234 enacted during the 2014 legislative session provided for a \$1 million transfer of funds from the EDRC to the Kentucky Thoroughbred Development Fund (KTDF). The KTDF Advisory Committee requested that racetracks interested in receiving any of the funds submit a proposal. At its June 24, 2014 meeting, the KTDF	Motion to approve the KTDF Advisory Committee's recommendation by Commissioner Bonnie. Second by

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
	<p>24 – 26</p> <p>26 – 27</p> <p>27 – 29</p>	<p>Advisory Committee reviewed and considered each proposal submitted by Churchill Downs, Ellis Park, Keeneland and Turfway Park. Kentucky Downs declined to submit a proposal. The KTDF Advisory Committee recommends \$300,000 to Churchill Downs, Keeneland and Ellis Park; and \$100,000 to Turfway Park.</p> <p>He noted that Mr. Jackson will present and discuss Ellis Park's plans for disbursement of the funds at today's meeting and Churchill Downs, Keeneland and Turfway Park will present their individual plans for disbursement of the funds at a future meeting.</p> <p>Ms. Eads presented and outlined the proposals of Churchill Downs, Ellis Park, Keeneland and Turfway Park.</p> <p>Mr. Jackson explained and set out Ellis Park's plans for disbursement of the funds.</p> <p>Chairman Beck requested a motion to approve the disbursements as recommended by the KTDF Advisory Committee.</p>	<p>Commissioner Jones. Motion carried with no objections or abstentions.</p>
<b>Tab 5 Approve Churchill Downs' September meet KTDF allotments</b>	29 – 30	<p>Ms. Eads presented Churchill Downs' KTDF purse structure request. By letter dated June 24, 2014, Churchill Downs requested approval of its purse structure for the upcoming 2014 September meet and the ability to payout KTDF purses on eligible horses first through last place. Churchill Downs proposed KTDF purses in the range of \$176,000 - \$235,000 and an expected KTDF payout percentage of 85%. KHRC staff has confirmed that at the beginning of the 2014 Spring/Summer meet, Churchill Downs had a deficit of \$19,974.88.</p> <p>The KTDF Advisory Committee approved recommendation of Churchill Downs' request at its June 24, 2014 meeting. Approval is recommended.</p>	<p>Motion to approve the recommendation by Commissioner Jones. Second by Commissioner Lavin. Motion carried with no objections or abstentions.</p>

<i>AGENDA ITEM</i>	<i>TRANSCRIPT PAGE NUMBER(S)</i>	<i>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</i>	<i>ACTION TAKEN</i>
<b>Tab 6 Approve Kentucky Downs' September meet KTDF allotments</b>	30 – 31	<p>Ms. Eads presented Kentucky Downs' KTDF purse structure request. By original letter dated June 17, 2014 (revised letter correcting a typographical error dated July 9, 2014 submitted), Kentucky Downs requested approval of its purse structure for its upcoming 2014 September meet and the ability to payout KTDF purses on eligible horses first through last place. Kentucky Downs proposed KTDF purses in the range of \$2,450,000 and an expected KTDF payout percentage of 90%. KHRC staff has confirmed that at the beginning of 2014, Kentucky Downs KTDF balance was \$456,088.78 and the historical horse racing KTDF earnings is expected to be over \$2.3 million.</p> <p>The KTDF Advisory Committee approved recommendation of Kentucky Downs' request at its June 24, 2014 meeting. Approval is recommended.</p>	Motion to approve the recommendation by Commissioner Richardson. Second by Commissioner Lavin. Motion carried with no objections or abstentions.
<b>Tab 7 Approve Kentucky Downs' request to add 2 new historical horse racing wagers</b>	32 – 38	<p>Ms. Paisley stated that by letter dated June 4, 2014, Kentucky Downs requested approval to add two new historical horse racing wagers, namely "Big Berner" and "Dragon's Spawn."</p> <p>The wagers are based on ARCI Model Rule 005-155A (4)-(6). Gaming Laboratories International (GLI) has performed testing on the wagers and issued a satisfactory functionality report. GLI's testing confirms the wagers are compliant with KHRC rules on pari-mutuel wagering and historical horse race wagering as exotic wagers.</p> <p>Based on the documentation presented and GLI's satisfactory functionality report, the staff recommends approval contingent upon receipt from Kentucky Downs of the breakdown of denominations and wagers. The wagers will not be offered to the public until that breakdown is received.</p>	Motion to approve the recommendation by Commissioner Bonnie. Second by Commissioner Travis. Motion carried with no objections or abstentions.

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
<b>Tab 8 Approve Kentucky Downs' Jockey 7 Wager</b>	38	Chairman Beck stated that Agenda Item 8 had been withdrawn by Kentucky Downs.	No action taken.
<b>Tab 9 Approve amendments to regulations governing Objections and Complaints in Thoroughbred and Quarter Horse, Appaloosa, and Arabian racing: Thoroughbred: 810 KAR 1:017; Quarter Horse: 811 KAR 2:090</b>	38 – 49	<p>Ms. Paisley presented the proposed amendments to 810 KAR 1:017 (Thoroughbred) and 811 KAR 2:090 (Quarter Horse, Appaloosa and Arabian) regulations governing objections and complaints.</p> <p>Ms. Paisley explained the proposed amendments as set out in the redlined copy provided in the agenda materials. She noted that throughout the amendment process, KHRC staff consulted with the stewards and the stewards reviewed and are in approval of all the changes. She noted that the main change updated the language governing the time line for filing an objection involving the claim of a horse. At its June 10, 2014 meeting, the Rules Committee unanimously passed the proposed amendments. Staff recommends approval.</p> <p>A discussion followed during which Ms. Paisley answered questions from the Commissioners.</p>	Motion to approve the proposed amendments by Commissioner Jones. Second by Commissioner Richardson. Motion carried with no objections or abstentions.
<b>Tab 10 Approve amendments to regulations governing Entries, Subscriptions, and Declarations in Thoroughbred and Quarter Horse, Appaloosa, and Arabian racing: Thoroughbred: 810 KAR 1:027; Quarter Horse: 811 KAR 2:070</b>	49 – 51	<p>Ms. Paisley presented the proposed amendments to 810 KAR 1:027 (Thoroughbred) and 811 KAR 2:070 (Quarter Horse, Appaloosa and Arabian) regulations governing entries, subscriptions and declarations.</p> <p>Ms. Paisley explained the proposed amendments as set out in the redlined copy provided in the agenda materials. She noted that throughout the amendment process, KHRC staff consulted with the stewards, the KHRC Equine Medical Director and the associations' Racing Secretaries, and all are in agreement with the proposed amendments. At its June 10, 2014 meeting, the Rules Committee unanimously passed the proposed amendments. Staff recommends approval.</p>	Motion to approve the proposed amendments by Commissioner Richardson. Second by Commissioner Howard. Motion carried with no objections or abstentions.

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
<b>Tab 11 Reports</b> <b>a. Thoroughbred Rulings</b> <b>b. Standardbred Rulings</b> <b>c. Veterinary Division</b> <b>d. Pari-Mutuel Wagering Division</b> <b>e. Regulations and Litigation</b>	51 – 53  53  52 – 55  55 – 58	<p>a. Ms. Borden presented the thoroughbred ruling report. She noted the appeal of Ruling No. 14-0048 had been withdrawn.</p> <p>b. Mr. Williams presented the standardbred ruling report. He noted an update on Ruling J2014-02; that the fine had been reinstated and the owner had sent a reimbursement check of the purse.</p> <p>c. Dr. Farmer presented the report for the 2014 Churchill Downs Spring meet and Race-related Fatal Injury Occurrence over Time report. He noted that there were no reported race-related fatalities at Churchill Downs during the month of June. Mr. Ward requested that a category be added to the veterinary scratches to break out the on-track scratches from those horses scratched due to being injured in the paddock.</p> <p>d. Mr. Lamb presented the reports for historical horse racing at Kentucky Downs and Ellis Park for June 2014. Also included was total handle on live races at Churchill Downs for June 1 thru June 29, 2014; Thunder Ridge for June 4 thru June 6, 2014; and Bluegrass Downs for June 20 thru June 29, 2014.</p> <p>He noted that Churchill Downs' and Bluegrass Downs' handle was down for June. In response to an inquiry from Commissioner Richardson, he stated that Churchill Downs handle was down 28%.</p> <p>Mr. Ward requested that the numbers for Churchill Downs' advanced deposit account wagering be provided to the Commissioners.</p>	No action taken. Informational items only.

<b>AGENDA ITEM</b>	<b>TRANSCRIPT PAGE NUMBER(S)</b>	<b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b>	<b>ACTION TAKEN</b>
	57 – 58	In response to an inquiry by Chairman Beck, Mr. Lamb noted that Ellis Park's wagering on historical racing numbers had increased 67% for June of this year compared to June of last year.	
	58	Mr. Jackson provided an update on Ellis Park's increases in wagering on historical racing and live handle since reducing the number of historical racing machines and implementing floor, personnel and promotional changes.  e. Status Report on Regulations and Litigation – For Informational Purposes Only.	
<b>Other Business</b>	58 – 59	Chairman Beck announced the following committee appointments to the KTDF Advisory Committee: Commissioner Richardson and Bill Landes representing the Kentucky Thoroughbred Owners and Breeders (KTOB); Mr. Peter Salmen, representing the KyHBPA; Mr. Chip Bach, representing the racetracks; and Commissioner Lavin, representing the KHRC.	No action taken. Informational items only.
	60 – 62	Chairman Beck announced the following committee appointments to the Non-Race Advisory Committee: Mr. Frank Penn, representing Kentucky Equine Education Project (KEEP); and Commissioner Bonnie and Ms. Janie Atkinson, representing the KHRC.	
	62 – 63	Commissioner Bonnie presented a report on the Welfare and Safety of the Racehorse Summit recently held at Keeneland.  Commissioner Leavitt reported on the change happening in the way standardbred horses are trained. He noted that there was an increasing trend to work standardbred horses on a euro-strip (a straightaway with heavy sand) rather than on a circular track.	

<i><b>AGENDA ITEM</b></i>	<i><b>TRANSCRIPT PAGE NUMBER(S)</b></i>	<i><b>DISCUSSION / CONCLUSIONS / RECOMMENDATIONS</b></i>	<i><b>ACTION TAKEN</b></i>
<b>Adjournment</b>	64	Chairman Beck requested a motion for adjournment.	Motion to adjourn by Commissioner Travis. Second by Commissioner Richardson. Motion carried with no objections or abstentions.

**NOTE:** The Agenda materials and any amendments thereto, subject to any applicable exemptions, and the official Transcript are incorporated by reference as if set forth fully herein.